

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SS-20 SP-03 MMS-03 PM-07 L-03 EB-11

CU-04 INR-10 CIAE-00 DODE-00 ACDA-19 AGR-20 AID-20

COME-00 NSC-07 OMB-01 OPIC-12 PC-10 TRSE-00 USIA-15

DRC-01 /187 W

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R 222255Z MAY 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 8669

S E C R E T SANTIAGO 2777

E.O. 11652: GDS

TAGS: PFOR, ECRP, CI, US

SUBJECT: FY 75-76 CASP CHILE

REFS: (A) STATE 100044; (B) COMUSMILGP CHILE 281746Z FEB
1974; (C) COMUSMILGP CHILE 071515Z MAY 1974

1. MISSION GREATLY APPRECIATES DEPARTMENT'S COMMENDATION.

2. RE PARA TWO REF (A), OUR RESPONSES AS FOLLOWS KEYED TO
QUESTIONS AS POSED:

A. INTENT OF STATEMENT WAS BOTH TO SEPARATE USG APPROVAL OF
SPECIFIC SALES FROM QUESTION OF GOC WILLINGNESS AND/OR ABILITY TO
PAY FOR ITEMS DESIRED, AND TO UNDERScore EXASPERATION OF CHILEAN
ARMED FORCES CAUSED BY OUR LINKING SUCH APPROVALS TO DETAILED PRIOR
CREDIT ARRANGEMENTS. QUICK APPROVALS IN PRINCIPLE, COUPLED WITH
CUSTOMARY CONDITIONS AND CAVEATS, ARE DESIRED SO THAT CHILEANS CAN
PROCEED WITH THEIR PLANNING WHILE DETAILS REGARDING PAYMENTS ARE
WORKED OUT. IN ADDITION, APPROVALS IN PRINCIPLE WOULD GREATLY REDUCE
PRESSURES TO SEEK EQUIPMENT FROM OTHER SUPPLIERS SINCE CHILEANS
WOULD ALMOST ALWAYS PREFER U.S. HARDWARE. PNB HAPPY TO NOTE

SHIFT IN THIS DIRECTION IN RECENT CASE OF F-5E AIRCRAFT. APPROVALS

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GIVEN IN THIS FASHION, WITHOUT REFERENCE TO METHOD OF PAYMENT IN

FIRST INSTANCE, WOULD REMOVE OBJECTIONABLE TAIN OF PATERNALISM WHICH CHILEANS HAVE TENDED TO SEE IN SOME OF PAST ACTIONS BY U.S. THEY WOULD ALSO TEND TO ENCOURAGE MUTUAL CONFIDENCE AS BASIS FOR COOPERATION BETWEEN U.S. AND CHILEAN MILITARY IN HIGHLY TECHNICAL AREA OF EQUIPMENT.

B. RATIONALE FOR MAP-T LEVELS SPELLED OUT IN MILGP 281746Z FEB 74 AND 071515Z MAY 74 TO USCINCSO, WHICH HAVE BEEN REPEATED TO DEPARTMENT SEPTEL. (FURTHER DETAILED BACKUP MATERIAL BEING POUCHED). IN BRIEF, THE REQUIREMENT STEMS FROM A PLANNED EXPANSION OF THE CHILEAN ARMED FORCES TO NEARLY DOUBLE THE PRESENT SIZE, REQUIREMENTS FOR TECHNICIANS AND OPERATORS GENERATED BY ACQUISITION OF NEW EQUIPMENT AND WEAPONS SYSTEMS, AND A CONTINUING NEED TO UP-GRADE THE CHILEAN MILITARY CAPABILITY IN RESOURCE MANAGEMENT.

C. FMS CASH SALES ESTIMATE BASED ON (1) DEFENSE PORTION OF ANNOUNCED CURRENT YEAR BUDGET OF NEAR FIVE PERCENT OF GNP; (2) PROBABLE RISE OF DEFENSE BUDGET TO ABOUT SIX PERCENT OF GNP BY CY 76 IN VIEW OF ANNOUNCED MODERNIZATION PLANS, EXPANSION PROGRAM AND CONTROL OVER TOTAL GOC BUDGET BY ARMED FORCES; (3) INVESTMENT REQUIREMENTS IDENTIFIED TO MILGP BY CHILEAN ARMED FORCES WHICH, IF REALIZED, MIGHT WELL RESULT IN LEVEL OF EXPENDITURES SOMEWHAT HIGHER THAN THOSE PROJECTED IN CASP. RECOGNIZING FACT THESE ARE ONLY ESTIMATES, THEY ARE NEVERTHELESS BASED ON BEST INFORMATION AVAILABLE TO US AND REFLECT OUR PERCEPTION OF DESIRES AND INTENTION OF GOC. THE CONTEMPLATED MILITARY HARDWARE ACQUISITIONS RESPOND TO VALID REQUIREMENTS TO REPLACE OBSOLETE AND UNSERVICEABLE EQUIPMENT AND ARE CONSONANT WITH PLANNED GRADUAL AND MODEST EXPANSION OF OVERALL STRENGTH OF CHILEAN ARMED FORCES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY ASSISTANCE, CASP
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTIA02777
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740128-0283
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740526/aaaaaxap.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: (A) STATE 100044; (B) COMUSMILGP CHI, LE 281746Z FEB
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 18 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 SEP 2002 by kelleyw0>; APPROVED <28 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 75-76 CASP CHILE
TAGS: PFOR, ECRP, CI, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005